

The same with banks. Deregulation has, theoretically at least, made it easier for new banks to compete with established banks. But while thousands of new banks have been created, many of the big established banks have merged, meaning, for many people, less consumer choice, not more. I guess we shouldn't be surprised to find that the "law of unintended consequences" applies to deregulation, just as it applies to everything else.

So, after about a decade of experience, we in the US have learned, I think, to approach deregulation carefully. Rushing headlong into a deregulated economy can, we have found, usher in new problems, even as it solves some of the old ones. The key to measuring the success of deregulation is, and will be, of course, the degree to which regulatory change benefits the public. Again, we come back to the idea of the public good. But how will this benefit be measured? And what should we look out for?

I would suggest that one of the greatest services public utilities can provide in a deregulated marketplace is vision, especially in the context of the public interest. The independently owned, private utilities might say that they are the ones who bring "vision" to the utilities industry but I would challenge that view. In fact, competition—especially in this era of "just in time" delivery—often breeds a corporate vision that sees no further than the next quarterly report, or today's closing share price on the New York Stock Exchange, and this lack of vision, especially in our industry, can have very serious consequences. Public power's vision starts and ends with public responsibility.

Let me give you an example. This summer, if we're unlucky—and let's hope we're not—we could actually find ourselves short of power in one or more major American cities. Just imagine the impact on computers and transit systems if that were to occur.

Now, private utilities also know that the American economy is increasingly dependent on electrical power, but their bottom-line calculations don't allow for the generation of very much excess capacity just because we might, in a heat wave, find ourselves running short. Right now, they would argue, construction of another major generating unit would not produce the return on investment their shareholders demand. Surplus capacity is unsold inventory. It's "inefficient."

At TVA, of course, we don't have shareholders. We have the public. So, while TVA does not build facilities for power production greater than the requirements of our service area, we do operate with a surplus to avoid a power shortage to our customers. We provide this margin for unexpectedly high demand and generation which is sometimes unavailable.

In the past five years, we've seen load growth of about 3.9 percent per year in the Tennessee Valley and 2.7 percent across the US—and the US Department of Energy projects load growth of close to 2 percent nationally every year for the next decade—so, frankly, it is our public responsibility to continue to provide a margin for the Valley as the load continues to grow. Which is not to say that we couldn't actually run short of power in the Tennessee Valley this summer. We could. There's no telling just how high the temperature will rise, and for how long. (Someone else is in charge of the weather.) But at TVA, we think long and hard about these issues. It's our responsibility, because we're a public utility.

Let me offer another example of the vision of the public utility. As far back as 1933, when TVA was created, it was clear that the system of streams and rivers that feed the Tennessee River—and the Tennessee River

itself—could be both friend and foe to the people in the valley. TVA was charged with the responsibility of managing the river first as a natural resource and second as a power resource. In fulfilling this responsibility, our public utility has helped reclaim thousands of acres of farmland and stem the tide of seasonal flooding. Private utilities count on other government agencies to handle land and river management—in the US, that's usually the Army Corps of Engineers—but in the Tennessee Valley, water resource management is the responsibility of TVA, a public utility. Our public utility has also helped industries in the Tennessee Valley grow and prosper.

We've helped arrange loans for small businesses, we've helped locate industrial sites, and we've provided technical expertise to start-up companies and major corporations who have chosen to make the Valley their home. But as the deregulation debate heats up in the months and years ahead, I'm sure that some will question whether TVA or any public utility should continue to manage such a broad portfolio of public service. "That was fine during the 1930s," some will argue, "but we're a long way from the Great Depression. We don't need a TVA for the 21st century." I would argue, in fact, that we will need public utilities more than ever. Even if deregulation succeeds in lowering electricity costs for most Americans (and I think everyone agrees that it's unlikely to reduce electricity costs for all Americans), there are still questions about the overall benefits of deregulation to the public.

But let me be clear here. TVA is pro-deregulation and pro-competition. The US government, in a Comprehensive Electricity Competition Plan published by the Administration last March, calculates that retail choice deregulation will cut electricity costs by about 10 percent, or about \$100 dollars per year for a family of four. That's a significant savings and, again, as a public utility, we're in favor of cutting energy costs for the American people.

Deregulation has the potential to save billions in energy costs for commercial customers, which will make American industries more competitive in the global marketplace. This will benefit the entire American economy and, as a public utility, we support lower energy costs for business and industry, and let me be clear about one more important point. Public responsibilities will not—and should not—absolve public utilities of the requirement to operate efficiently and to compete fairly in the deregulated marketplace.

At TVA, we're proud of the fact that our production costs are second lowest among the nation's top 50 utilities, and we're hard at work, every day, finding new ways to bring those costs down even lower. But lower electricity costs alone are not the sole measure of the public good. If energy companies degrade the environment to produce cheaper electricity, is that a net gain, or loss, for the people who use the power, and live on the land?

If a regional power company chooses to neglect its responsibilities to its local customers so as to make a bigger profit wheeling power to a distant market, it that a net benefit, or loss, of the nation as a whole? These are difficult issues now, and they will become even more difficult in the deregulated future. Public utilities, which serve the interests of the people—not just corporate shareholders—will provide a benchmark by which the performance of all power companies will be measured.

They will help to define "the public good" as it applies to energy production and distribution. And for this reason alone, they deserve their place in the deregulated market-

place of the next century. I know that many of you are wrestling with some of the same issues we are dealing with now in the United States. Deregulating electric utilities will lower energy costs for our citizens and our industries and it is our responsibility to work together—public utilities and independent providers, industry executives and political leaders—to achieve this goal. But if our experience is of any value. I would suggest that you approach deregulation thoughtfully, and with careful deliberation. Above all, I would suggest that you measure the success of your efforts in more than just francs, or marks—or euros—saved.

I would suggest that you measure your ultimate success against the higher standard of the public good. A final thought. The political challenges of deregulation may cause some of us, at various points in the process, to question whether it is a course worth pursuing.

I believe that it is, and that we must stay the course, and do it right. I take my inspiration, again, from President Franklin Roosevelt. The day before he died, FDR wrote remarks for a Jefferson Day lecture he was to deliver the following day. He wrote . . . but never said . . . "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith." And as we move forward, ladies and gentlemen, let us remember to balance our commitments to our various boards and shareholders with a commitment to the constituents who matter most: the publics we serve. Thank you all very much for your kind attention, and thank you to the IEA for inviting me here to Brussels for this excellent and most interesting forum.

#### PERSONAL EXPLANATION

#### HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1998

Mr. PORTER. Mr. Speaker, during the vote on H.R. 3682, the Child Custody Protection Act, on July 15, 1998, I was not able to vote on final passage. I want to clarify that I oppose H.R. 3682, and that I would have voted "nay" had I been present.

Mr. Speaker, the rule on this bill should have permitted amendments to H.R. 3682 and for that reason I opposed the rule and the previous question on the rule. I voted for the motion to recommit because the bill in its present form is too extreme. The current legislation could punish anyone, including a grandparent or mother in a State with a two parent notice requirement, who accompanies a young family member across State lines for an abortion. If amended to address this type of problem along the lines recommended by the President, this bill could earn my support and be swiftly enacted into law.

OMB CONFIRMS CREDIT UNION BILL HAS NO NET BUDGET IMPACT

#### HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1998

Mr. KANJORSKI. Mr. Speaker, I am pleased to report to the House that the Director of the